

DEPARTMENT OF STATE TELEGRAM

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S E C R E T BONN SECTION 2 OF 3 2673

C O R R E C T E D C O P Y FOR TEXT PARA 15.

DEPT PLEASE PASS CAIRO

SUBJECT: PINCUS/PAUL VISIT

8. US MILITARY WITHDRAWALS. PINCUS AND PAUL REPEATEDLY SPOKE AS THOUGH REDUCTIONS OF AMERICAN FORCES IN EUROPE WERE ABSOLUTELY INEVITABLE. THEY REPEATEDLY INVITED US TO PRESENT OUR VIEWS ON HOW THESE REDUCTIONS COULD BE MADE MORE PALATABLE. WE SAID THE USG HAS COMMITTED ITSELF TO MAINTAIN COMBAT FORCES UNTIL 1971 AND THE PRESIDENT HAS GIVEN NO INDICATION HE IS PREPARED TO COMPROMISE WITH

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AMERICAN PROPONENTS OF FORCE REDUCTIONS. THE OUTCOME ON
THIS ISSUE WAS NOT CLEAR AND WE COULD NOT THEREFORE COMMENT
ON WAYS OF MAKING DECREASES PALATABLE FOR GERMAN
OPINION.

9. CONCERNING THE POSSIBLE EFFECTS OF US FORCE WITHDRAWALS,
WE POINTED OUT THAT PAST GERMAN UNEASINESS WAS AUGMENTED BY
THREE NEW FACTORS: THE NEW DEMONSTRATION IN PRAGUE OF THE
WILLINGNESS OF THE SOVIET LEADERSHIP TO USE MILITARY FORCE
FOR POLITICAL PURPOSES; MOVE OF SOVIET UNION TOWARDS NUCLEAR
EQUALITY WITH US, AND OBSERVATION BY GERMANS OF TRENDS IN
AMERICAN POLITICAL OPINION TOWARDS FOREIGN POLICY DISENGAGEMENT
AND SIGNS OF LACK OF COHESION IN AMERICAN SOCIETY.
CONSEQUENTLY, REDUCTIONS NOW MIGHT HAVE STILL GREATER
IMPACT ON GERMAN CONFIDENCE IN US THAN IN THE PAST.

10. TACTICAL NUCLEAR WEAPONS. A REPEATED EFFORT WAS
MADE BY PINCUS AND PAUL TO ELICIT CONTENT OF ANGLO-
GERMAN PNG PAPER ON THE USE OF TACTICAL NUCLEAR WEAPONS AND, MORE
GENERALLY, TO FIND AREAS OF DIFFERENCE BETWEEN GERMAN AND
AMERICAN VIEWS ON NUCLEAR STRATEGY. WE DECLINED COMMENT ON
NUCLEAR POLICY, STATING THIS WAS NATO QUESTION AND NOT
POLITICAL ISSUE HERE. WE SAID GERMAN PUBLIC HAD ANTIPATHY
TO DISCUSSION OF THE USE OF NUCLEAR WEAPONS OF ANY KIND
BUT AT THE SAME TIME SUPPORTED THE STATIONING OF TACTICAL
NUCLEAR WEAPONS IN THE FEDERAL REPUBLIC. GERMAN GOVERNMENT
FULLY SUPPORTED NATO CONCEPTS OF FLEXIBLE RESPONSE.

11. PAST AND INTENDED IMPROVEMENTS IN THEIR GERMAN DEFENSE
EFFORT. PINCUS AND PAUL INQUIRED ABOUT THE GERMAN REACTION
TO THE CZECH CRISIS, THE ANNOUNCED REDEPLOYMENT OF THE
BRITISH SIXTH BRIGADE TO THE BAOR, AND THE 1967 TRILATERAL TALKS.
IN REPLY TO THEIR QUESTIONS, WE GAVE THEM INFORMAL TENTATIVE
ESTIMATE OF BOP SAVINGS FROM TRILATERAL AT 59 MILLION DOLLARS
ANNUALLY. THEY ALSO ASKED ABOUT THE SPECIFIC STEPS TAKEN BY FRG
AFTER CZECHOSLOVAKIA TO IMPROVE THE BUNDESWEHR'S COMBAT
EFFICIENCY. WE POINTED OUT THAT THE GERMANS HAVE BEEN
INCREASING THEIR DEFENSE BUDGET IN MONETARY TERMS AND TRYING
TO IMPROVE THE QUALITY OF THE BUNDESWEHR. ESPECIALLY AS
REGARDS MORALE, MATERIAL AND ORGANIZATION. WE
NOTED THEY COULD OBTAIN MORE COMPARATIVE DETAIL ON THIS
SUBJECT AT USNATO. THE THRUST OF QUESTIONS HERE WAS,

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EVERYONE MENTIONS THE NEED FOR THE EUROPEANS TO DO
MORE IN THEIR OWN DEFENSE; WHAT ADDITIONAL THINGS HAVE
THEY DONE OR ARE THEY LIKELY TO DO TO TAKE MORE OF THE
BURDEN ON THEIR OWN SHOULDERS?

12. THE OUTLOOK FOR THE GERMAN DEFENSE BUDGET. PINCUS AND
PAUL INQUIRED ABOUT THE INFLATIONARY PRESSURES IN GERMANY,
THE INFLATIONARY EFFECTS OF A DEFENSE BUDGET INCREASE AND
THE GENERAL BUDGETARY OUTLOOK. THEY SHOWED CRITICAL INTEREST IN
THE BLOCKING OF DM 1.1 BILLION OF 1970 DEFENSE BUDGET. THE
EMBASSY POINTED OUT THAT INFLATIONARY PRESSURES WERE SOMEWHAT
GREATER THAN HAD BEEN ANTICIPATED AND THAT THE THREE MAIN POLITICAL
PARTIES AGREE ON THE URGENCY OF ACHIEVING PRICE STABILITY AND
HOLDING THE BUDGET AT ITS PRESENT LEVEL. THIS, ALONG
WITH SOCIAL REFORMS TO WHICH THIS GOVERNMENT IS COMMITTED,
MEANS THAT THE DEFENSE BUDGET WILL PROBABLY REMAIN AT ITS
PRESENT LEVEL.

13. ON OFFSET, WE REPLIED THAT MILITARY PROCUREMENT IS
MORE ADVANTAGEOUS TO US THAN FINANCIAL ARRANGEMENTS, EVEN
WHEN THESE ARRANGEMENTS INVOLVED PREFERRED RATES OF INTEREST
AND LONGER-TERM LOANS. THEY ASKED FOR OUR ESTIMATE OF A POSSIBLE
GERMAN BUDGETARY CONTRIBUTION TO OFFICIAL EXPENDITURES OF
U.S. FORCES IN GERMANY. WE REVIEWED PAST BACKGROUND ON THIS,
MENTIONED NEGATIVE ATTITUDES OF MINISTERS MOELLER AND SCHMIDT
AND SAID THAT THIS ISSUE WAS JUST BEGINNING TO BE BROACHED IN
POLITICAL CIRCLES HERE, HENCE IT WAS TOO EARLY TO EVALUATE ITS
CHANCES OF ACCEPTANCE. WE REFERRED TO GERMAN-AMERICAN CONFERENCE
DISCUSSIONS IN JANUARY.

14. OTHER QUESTIONS RAISED AND BRIEFLY TOUCHED ON WERE:
SOVIET FINANCIAL ARRANGEMENTS WITH THE GDR WITH RESPECT TO SOVIET
FORCES IN EAST GERMANY; (WE SAID NO INFORMATION HERE; PERHAPS IN
WASHINGTON) CONSEQUENCES OF FRENCH MILITARY WITHDRAWAL FROM NATO
FOR CONVENTIONAL DEFENSE OF EUROPE; (WE SAID GERMANS NOT GREATLY
CONCERNED TODAY) TRENDS OF GERMAN ARMS PURCHASES IN THE U.S.;
(WE SAID NOT POSSIBLE GIVE
MEANINGFUL PROJECTIONS) THE COST TO THE U.S. OF MAINTAINING
TACTICAL NUCLEAR WEAPONS IN GERMANY (NO ANSWER) AND
QUADRIPARTITE BERLIN NEGOTIATIONS, (WE GAVE BRIEF FACTUAL
DESCRIPTION OF STATUS).

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15. PAUL HAD ONE-HOUR CONVERSATION WITH THEO SOMMER, CHRISTOPHER BERTRAM AND HANS-GEORG WIECK OF FMOD'S PLANNING STAFF. CONVERSATION COVERED EASTERN POLICY ON LINES SIMILAR TO EMBASSY BRIEFING, AND US FORCES. IN RESPONSE TO PAUL'S QUESTIONS, SOMMER AND COLLEAGUES SAID : (A) NATO MEANS FOR THE FRG AN ALLIANCE WITH THE US; (B) LEVEL OF US FORCES IN EUROPE CONSTITUTE MEASUREMENT NOT ONLY OF US CAPABILITIES BUT ALSO OF GERMAN CONFIDENCE THAT US WOULD IF CALLED UPON MEET ITS NATO COMMITMENT; (C) WHATEVER US MAY FEEL COMPELLED TO DO AS REGARDS TO TROOP LEVEL ISSUE, IT SHOULD GET A QUID PRO QUO FROM THE USSR; (D) ONE GETS FEELING THAT DISCUSSIONS IN NATO ON MBFR ARE BEING UNDULY STRUNG OUT BY THE US AND THAT EVEN A ONE-FOR-ONE APPROACH TO MBFR WOULD BE BETTER THAN A UNILATERAL US WITHDRAWAL; AND (E) EFFECT OF US REDUCTIONS ON THE GERMANS AND OTHER WESTERN EUROPEANS WOULD PROBABLY BE A SLOW CRUMBLING OF CONFIDENCE IN US RATHER THAN SOMETHING MORE IMMEDIATELY MEASURABLE.

NOTE: NOT PASSED CAIRO BY OCT.

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